# Contents

[1] *Questionnaires were translated into Spanish, Chinese, Korean and Vietnamese. Copies of the translations as well as a complete set of the materials used in the conduct of this study are contained in Volume 3, Technical Appendix.*

## Foreword

This study was conducted in response to the following ordering paragraph:

> *"Pacific Bell and GTE-C shall, in conjunction with DRA, conduct a study of telephone service affordability and allow DRA to participate if it so desires."*

Field Research was commissioned to conduct two studies, one among non-customers and one among customers.

This report presents the findings from the non-customer portion of the Affordability Study. Findings from the customer portion of the study can be found in Volume 2. A third volume, titled, "Affordability Study: Technical Appendix" contains the materials used in the conduct of the two studies including translations of the various questionnaires.

Because the findings from these studies were to be presented in a series of oral presentations to both Clients, the DRA and various community groups, Field Research used a large typeface that would lend itself to use in oral/visual presentations of the data.

## Acknowledgements

The development of this research project included ideas from many leaders of California's diverse communities. They provided over 200 initial ideas that were ultimately used in the development of the research plan. Subsequent to that they reviewed the draft questionnaire and provided significant ideas which were incorporated into the final questionnaire used in the research.

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# *Research Overview*

## Objectives

The broad objectives of the Affordability Study were three-fold:

To determine reasons for not having telephone service

To explore the affordability of telephone service

To provide a means for updating telephone penetration rates by company and by ethnicity/race in areas of low telephone penetration (1990 U.S. Census)

## Research Approach

Two studies were undertaken:

(a) Non-Customer Survey (in areas with less than 90% telephone penetration, U.S. Census, 1990)

(b) Customer Survey

This volume presents the findings from the Non-Customer Survey. The findings from the Customer Survey are presented in Volume 2. For convenience, a detailed description of the survey methodology for both studies is included in Appendix A of each report.

# *Research Objectives: Non-Customer Study*

This portion of the study had four major objectives:

1. To better understand ***who the non-customers are***, i.e.

    Ethnicity/race

    Socio-demographics

    Telephone usage

    Knowledge/perceptions of costs of having telephone service

    Past experience with telephone service

    Awareness of Universal Lifeline Telephone Service

2. To determine ***why they do not have telephone service*** and, especially, the relative importance of price vs. other factors in keeping them from having it.

    Direct measures:

        Reasons given for not having it (open-end)

        Importance of 17 possible reasons for not having

    Indirect measures:

        Comparisons of non-customers with a matched set of customers (drawn from the same areas) form an extensive inventory of characteristics, attitudes and experiences to determine what differentiates those who have service from those who do not.

3. To measure ***awareness, knowledge of, interest in and reactions to Universal Lifeline Telephone Service.***

   Awareness of Universal Lifeline Telephone Service

   Understanding of what ULTS is (among those aware)

   Reactions to various parts of the cost

   Expectations of ULTS monthly bill

   Perceived affordability of ULTS

   Interest in subscribing to ULTS

4. To ascertain the ***affordability of telephone service.***

   Expectations of what telephone service costs

   Perceived affordability (based on these expectations)

   What factors affect perceived affordability

   How perceived affordability is affected by improved understanding of various elements of ULTS service

   Judged affordability of ULTS

   Sensitivity to increases in expected ULTS monthly bill

## About Penetration Rates

This study does ***NOT*** measure telephone penetration rates.

As explained in considerable detail in the proposal to undertake this work, measuring penetration rates would require something very close to a duplication of the U.S. Census. Instead, it was decided to focus on identifying a set of non-customers to explore issues surrounding the affordability of telephone service and identify the things that keep people from getting telephone service. The U.S. Census data on telephone penetration rates was used to find areas with less than 90% penetration in which to find non-customers.

The study design does provide the means for ***UPDATING*** penetration rates found in the process of locating non-customers.

The penetration rates found in locating non-customers are in a database. At a future point, it would be possible to measure any change in telephone penetration among these households.

The desire to provide some means of UPDATING penetration dictated the use of systematic sampling approaches to find non-customers. (Judgment or casual samples could have been used to determine such things as reasons for not having telephone service, but these would not have lent themselves to updating penetration rates.)

A complete description of the survey methodology can be found in Appendix A.

## Study Design Plan: Overview

Cross-section samples of non-customers and customers were interviewed in areas known to have low telephone penetration (less than 90%, 1990 U.S.Census).

Approximately equal numbers of interviews were conducted in GTE and Pacific Bell areas.

In total, 571 non-customers and 566 matched customers were interviewed. Customers were matched by ethnicity/race to non-customers.

| | Non-Customers | | | Matched Customers | | |
|---|---|---|---|---|---|---|
| | Total | GTE | PB | Total | GTE | PB |
| Total | 571 | 288 | 283 | 566 | 287 | 279 |
| Cross section yield: | | | | | | |
| Hispanic | 347 | 202 | 145 | 347 | 203 | 144 |
| Black | 115 | 48 | 67 | 112 | 46 | 66 |
| White | 94 | 35 | 59 | 98 | 37 | 61 |
| Asian/other | 15 | 3 | 12 | 9 | 1 | 8 |

## Sample Design Plan

The universe for study was defined as the counties of: Alameda, Contra Costa, Fresno, Los Angeles, Orange, Sacramento, San Diego, San Francisco and Santa Clara.

Within these geographic areas, all Block Clusters (typically 6 to 8 city blocks) with less than 90% telephone penetration were identified. These were divided into GTE and Pacific Bell service areas.

Using 1990 U.S. Census statistics on telephone penetration, a total of 250 clusters (125 GTE and 125 Pacific Bell) were selected using systematic random sampling techniques. Interviewers listed 60 households at each cluster, attempted to interview all non-customers encountered and, for every non-customer, to interview the next available customer of the same ethnicity.

Two attempts were made at each household to determine whether it had telephone service. Four attempts were made to complete an interview in non-customer households.

A complete description of the survey methodology is included in Appendix A of this volume.

## Other Study Details

All door-to-door interviewing was subcontracted to vendors, most of whom were ethnic minority-owned businesses.

Each Block Cluster map showed the ethnic make-up of the cluster. Interviewers were matched to the predominant ethnicity/race of the cluster.

Questionnaires were translated into Spanish and three Asian languages. Bilingual interviewers were used for Hispanic and Asian clusters.

Interviewers were given intensive training and were carefully monitored throughout the project. To help in obtaining high cooperation rates interviewers carried with them:

An ID badge with GTE or Pacific Bell name and

A set of letters in English, Spanish and the three Asian languages from well known community leaders endorsing the study and asking for cooperation.

## Field Dates

Interviewing for the door-to-door survey started on September 14, 1993 and was completed on October 31, 1993.

# *Summary of the Findings*

## Characteristics of Non-Customers

Note: These data describe only those non-customers who reside in low telephone penetration areas (less than 90% penetration). These areas include 45% of the total estimated number of non-customers in major metro areas in California (1990 U.S. Census).

55% are Hispanic (34% language dependent, 21% non-language dependent), 23% are White, 20% are Black, 1% are Asian. 1.1*

83% meet the income/number dependents criteria for ULTS. 1.9

These are typically large households: average number of persons at household address is 4. 1.11
Most have just one "family", but 10% have more than one family at the address. 1.12

Close to half (47%) have not completed high school; only 18% have gone beyond high school. 1.13

Average age: 35. 1.14

Marital status mixed: 44% never married, 35% married, 20% separated, widowed, divorced. 1.14

Virtually all are renters (96%). 1.15

Most live in an apartment or flat (65%), 21% in a house, 8% in a single hotel room. 1.15

80% say dwelling unit is equipped with jack; 11% don't know, 8% say it has no jack. 1.15

There is a high mobility rate: 52% have lived at their current address less than one year (36% less than 6 months); just 18% have lived at their current address 4 or more years. 1.16

6% report having someone in the household with a disability that could affect use of telephone: 3% mobility, 3% other (includes 0.8% speech, 0.6% hearing, 0.4% sight). 1.18

* Refers to tables in the detailed discussion of the findings

## Factors That Differentiate Those Who Have Service (Customers) from Those Who Do Not (Non-Customers)

Higher mobility is a major factor differentiating non-customers from customers in these areas:

| | Non-customers | Matched customers | |
|---|---|---|---|
| Lived at current address less than one year | 52% | 27% | 1.16 |

The socio-economic profile of non-customers is quite similar to matched customers in these areas suggesting that other factors may be more important in determining whether they have telephone service or not (e.g. perceived affordability, past experience with phone service, perceived need for it).

However, non-customers do have slightly lower household incomes, less formal schooling, are somewhat younger on average, less likely to be married and less likely to be homeowners than matched customers.

| | Non-customers | Matched customers | |
|---|---|---|---|
| $15,300 or less | 67% | 57% | 1.9 |
| High school or less | 80% | 69% | 1.13 |
| Mean age | 35 | 40 | 1.14 |
| Married | 35% | 46% | 1.14 |
| Own/buying (vs. rent) | 2% | 13% | 1.15 |

## Use of English/Spanish among Hispanic Non-Customers

34% of all non-customers are classified as language dependent (LD) Hispanics (i.e. 1.1
interviewed in Spanish, by choice). This group shows strong dependency on Spanish for 1.2
communications: 60% use only Spanish at home, another 32% speak English at home but use Spanish most and only 7% use English most at home.

21% of all non-customers are classified as non-language dependent (NLD) Hispanics (i.e. 1.1
interviewed in English, by choice). While many speak Spanish, they are not typically 1.2
dependent on Spanish: 47% speak English only or most at home, 38% speak both at home but Spanish most and 5% use Spanish only at home.

## Language Preferences (Hispanic Non-Customers)

65% of Hispanic non-customers prefer Spanish when dealing with the telephone company: 1.4
88% of the LD Hispanics and 29% of the NLD Hispanics.

Large majority of Hispanic non-customers (91%) are aware phone company has service 1.6
representatives who speak Spanish: Hispanic LDs (91%), Hispanic NLDs (90%).

## Language as a Factor Affecting Having Phone Service

Hispanics who have phone service are not substantially different from those who do not 1.6
with respect to use of English and/or Spanish at home or preferences for calling the phone company. Language dependent non-customers are a little less comfortable speaking English than their customer counterparts, but the difference is not so large as to suggest that this is a major factor in their not having phone service. Also, the study shows very high awareness that the phone companies have Spanish speaking representatives.

## Length of Time in U.S. as a Factor Affecting Having Phone Service

There is evidence that among Hispanics, likelihood of getting phone service increases with length of time in the U.S. For example, 35% of the Hispanic non-customers have been in the U.S. for 5 years or less. This drops to 17% among Hispanic customers. 1.7

## Telephone Usage among Non-Customers

65% usually use public/pay phones for their personal calls; 34% use a friend or relative's phone. 2.1

Mean number of calls per week is 9 — a little more than one a day. The median is 4. 2.1

About three-quarters use a public/pay phone at least once during an average week. Average number of pay phone calls per week is 5 (among all non-customers); this represents slightly more than half of the calls (5 out of 9 on average). 2.1

Amounts spent per month vary widely: 43% less than $5, 19% between $5 and $10, 37% $10 or more. The average amount spent is $13; the median is $5. 2.2

## Emergency Telephone Use

42% can use phone in same building, but 55% must go elsewhere in an emergency. 2.3

Average number of minutes to get to a telephone in an emergency is 4; median is 3. 2.3

## Attitude toward Not Having Telephone Service

48% say it is "very inconvenient" not to have telephone service; another 13% see it as "somewhat inconvenient" and 8% see it as "only slightly inconvenient". 2.5

30% say it is not inconvenient. These represent a segment that does not perceive a strong need to have telephone service. 2.5

74% say they plan to get telephone service in the future; this leaves 26% who do not — close to the 30% who do not see it as inconvenient not to have telephone service. 2.6

## About Getting Telephone Service

Most non-customers (62%) think they could get telephone service; however, almost two in five (39%) either do not think they could (23%) or are uncertain whether they could (16%). 2.7

Over half of the 39% say they can't get it because they owe the phone company money (translates to 21% of all non-customers). 12% of the 39% say it is because they do not have the needed identification (translates to 5% of all non-customers). 12% of the 39% say it is because they can't afford the deposit (translates to 5% of all non-customers). 20% of the 39% give various reasons having to do with cost/ability to pay (translates to 8% of all non-customers). 2.7

Two-thirds of non-customers (66%) think one needs a Social Security Card to get phone service; almost two in five (38%) think one needs a California Driver's License, and about one in five (21%) thinks you have to be a U.S. citizen. While belief that one needs a Social Security Card and belief that one needs a California Driver's License are both fairly widespread, matched customers are just as likely to hold these beliefs as customers. (It is not known if matched customers as a group are more likely to have such forms of ID than non-customers; the similarity of the two groups with respect to most socio-demographics suggests that it is unlikely that matched customers are much more likely to have these forms of ID than non-customers; however, it is also true that matched customers are somewhat more likely to be employed, have somewhat more education and, in the case of Hispanics, have been in the U.S. somewhat longer on average than the non-customers.) 2.9

Further analysis shows that those who think they could NOT get phone service are no more likely than those who think they COULD get it to believe these forms of ID (or any of a number of other items) are needed. Thus, belief that one needs these forms of ID does not appear to affect perceptions of whether one could get telephone service or not; however, it is still not known if those who think they can get phone service are more likely than those who think they cannot to HAVE these forms of ID. 2.10

## Past Experience with Telephone Service

Most (65%) non-customers have had telephone service and most of this group has had it relatively recently. Thus, the issue for the majority of non-customers is not so much being able to get it (most have done so) but being able to keep it. 3.3

Those who had phone service divide about equally into two groups: 46% say the phone company disconnected it (translates to 30% of all non-customers) and 45% say they stopped service themselves (translates to 29% of all non-customers). 3.5

> In most cases, the 29% who decided to stop service themselves did so for reasons NOT related to cost—mostly because they moved and/or felt they no longer wanted or needed phone service. However, 37% of this group did so because of cost, e.g. the bill was too high, they could not control the number of calls and/or others used the phone. In all, these self-induced terminates due to cost account for 11% of all non-customers (37% of 29%). 3.7
>
> About those who had service disconnected by the phone company (46% of 65% who had service or 30% of all non-customers):
>
> > 76% called the phone company to discuss it. 3.8
> >
> > 49% were aware they could pay the amount due in installments but 51% were not aware of this. 3.8
> >
> > Those aware of the installment option were no more likely to call the phone company than those not aware; thus, awareness of the option does not appear to increase likelihood of calling the phone company. 3.8 (facing text)

About the 35% who have not had phone service in the past: most (79%) of them have never tried to get it. Further analysis of this group shows... 3.12

- they are as likely as others to think they COULD get it (70%). 3.17
- they are LESS LIKELY than others to plan to get it (52%). 3.17
- they are as likely as others to find it easy to call the phone company (74%). 3.17
- they are less likely than others to find it inconvenient not to have service (56%). 3.17
- they spend notably less on telephone calls each month than others ($7). 3.17
- they are less likely than others to have some idea of what phone service would cost. 3.17
- they are notably less aware of ULTS: just 34% aware of name and just 25% aware of name and able to describe it. 3.17
- they are AS LIKELY as others to be interested in signing up for ULTS after it is described to them (75%). 3.17

## Experiences of Phone Company Disconnects: Non-Customers vs. Matched Customers

Non-customers who have had their phone service disconnected by the phone company are just as likely as matched customers to have called the phone company about it (76% vs. 74%) and just as likely to have wanted to continue service (73% vs. 71%). 3.9

However, customers who have had a disconnect are MORE AWARE of the installment option than are non-customers: 63% vs. 49% aware. 3.9

## Ability to Get Phone Service When Apply

Only 3% of the matched customers in these low telephone penetration areas say they have ever tried to get phone service and been unable to get it. 3.14

Among non-customers, 6% of those who applied for phone service say they were turned down by the phone company. 3.14

## Feelings about Contacting the Phone Company

Most non-customers (68%) say they would find it "very easy" to call the phone company, 4.1
but about one in five (22%) finds it difficult to do so. About one-third (34%) of those 4.3
who don't find it very easy cite inability to pay (i.e. have outstanding balance, can't pay deposit), 25% cite complaints about service (on hold, get nowhere, not helpful) and 19% cite language difficulties. (Among Hispanics who find it less than very easy to call, 36% cite problems with paying, 26% cite language and 23% cite service response as the things that make it difficult to call.)

## Satisfaction with Contacts

While most (72%) are satisfied with any contacts they have had with GTE or Pacific Bell, 4.5
28% say they were "dissatisfied". Reasons for dissatisfaction are varied: about one-third 4.6
(34%) cite billing issues, another 25% complain about the service representatives, others complain about being kept on hold too long (18%).

## Perceived Affordability of Telephone Service

About three in ten non-customers (29%) say it would be "very easy" to afford telephone 5.1
service and another 35% say it would be "somewhat easy" for them to afford it. One-fourth (25%) say it would be difficult and 11% could not say.

## Perceptions of Cost to Have Phone Service

Perceptions of cost to set up telephone service vary widely:

Cost to buy phone itself: $22 median, $36 mean. 5.3
Charge to start service: $36 median, $58 mean. 5.3

59% think a deposit is required: 80% among phone company disconnects, 5.5
more like half among those who have not had service (53%) or were a self disconnect (44%).

Deposit requirement varies from $48 (median) among all those thinking it is 5.5
required to $71 among the phone company disconnects.

Most non-customers were able to estimate what they think it would cost per month for 5.6
telephone service: $29 median; $42 mean.

## Perceived Affordability by Perceived Costs

Household income does not affect perceived affordability of telephone service, but those with larger households and those who are employed are more likely to say they can afford it than those with smaller households and/or not employed. Differences, however, are fairly small and more often those who find it easy to afford are very similar to those who find it difficult to afford. 5.11

Perceived affordability is, however, related to perceived cost of installation and deposit, and very much related to expected size of monthly bill: for example, the mean expected monthly bill among those who think it is "very easy" to afford is $32; among those who think it is difficult to afford, the expected mean is $56. 5.8

There is also evidence to suggest that people often tend to think they could afford what they would expect to have to pay, that is, while those who expect higher costs are more likely to say it is difficult to afford than those who expect lower costs, the majority of non-customers say it would be easy for them to afford (rather than difficult) regardless of what they expect it to cost. Thus, to some degree, "affordability" is in the mind of the individual. 5.9A

Those who say telephone service would be "very easy" to afford are slightly more likely than those who say it would be "difficult" to have had it in the past — 73% vs. 62%. Thus, having had phone service correlates positively with feeling it is affordable. 5.10

Matched customers find telephone service much easier to afford than non-customers; thus, whatever the factors are that cause one to see it as affordable, the perception of its affordability is a very important determinant in getting it. 5.12

## Reasons Do Not Have Telephone Service (Stated Reasons)

Economic factors (cost, ability to pay) are cited by three-fifths of non-customers (60%) as 6.1
the reasons for not having telephone service. About one-third of the non-customers cite other reasons: mobility (16%), no need/desire (12%) lack of information (5%).

The 60% who cite economic/cost factors divide into two groups: 39% talk about not being 6.1
able to afford it for various reasons, and 27% specifically say they don't have it because they owe the phone company money (very close to the 30% phone company disconnects figure reported elsewhere).

A detailed analysis of responses to a set of questions designed to measure the relative importance of 17 specific reasons for not having telephone service shows the following:

> Slightly more than half of the non-customers (56%) cite one or more COST factors as 6.5
> the BIG reason they don't have telephone service: can't afford deposit (34%), can't afford installation (31%), monthly service costs too much (26%), income too low to qualify (27%), can't afford to buy a phone (19%).
>
> About one-third of the non-customers (35%) cite one or more of these CALL 6.6
> CONTROL items as a BIG part of the reason they don't have phone service: make too many calls (15%), others would use the phone (18%), others would not pay their fair share (14%), too convenient to buy things by phone (6%).
>
> Slightly more than one quarter (27%) cite NO NEED as a BIG reason for not having 6.7
> phone service.
>
> Only about one in ten (11%) cites either discomfort in calling the phone company (9%) 6.8
> or worry about being reported to governmental agencies (5%) as a BIG reason for not having telephone service.

## Awareness of Universal Lifeline Telephone Service (Name Recognition)

54% of non-customers have heard of a service called "Universal Lifeline Telephone Service" but just 40% in total can correctly describe what it is (on a volunteered basis). 7.1

Matched customers have higher name recognition than non-customers: 69% vs. 54%. The percentage aware AND able to describe is also higher for matched customers than non-customers: 61% vs. 40%. 7.2

While matched customers are more aware of ULTS, this does not necessarily mean higher awareness CAUSED them to get it; just as likely, they are more aware because they have phone service (52% report having ULTS among the matched customers 47% say have after asked about name, another 5% say have after generic low income service probe). 7.4

## Awareness of Special Service for Lower Income People (Generic Concept)

NOTE: Through an oversight, non-customers who had not heard of the name were not asked a follow up question to see if they were aware of a special service for lower income households. Matched customers were asked the follow-up. It is possible to estimate the MAXIMUM awareness among non-customers if the probe had been asked. With the adjustment, total awareness of ULTS service (name or generic) among non-customers would be well above the 40% (aware name, can correctly describe on a volunteered basis) and probably closer to 58% (aware ULTS <u>or</u> a low income service (adjusted)). Splitting the difference, awareness among non-customers would be 49%. 7.5